

BEFORE THE FEDERAL ELECTION COMMISSION

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COMMISSION
OFFICE OF GENERAL
COUNSEL

2008 MAR 17 A 11 45

JAN SCHNEIDER
Friends of Jan Schneider
P.O. Box 57
Sarasota, Florida 34230,
Complainant,

v.

MUR No.

5982

CHRISTINE JENNINGS
Chris Jennings for Congress,
Christine Jennings for Congress &
Jennings 2008
PO Box 49136
Sarasota, FL 34230,
Respondent.

COMPLAINT

Respondent Christine Jennings withheld large amounts of taxes from salaried staff, failed to transmit them to the proper authorities, and instead used them for campaign expenses. The misappropriation of funds greatly injured opponents in the Democratic primaries in the Florida 13th Congressional District during both the 2004 and 2006 election cycles. In particular, the violations caused irreparable harm to Complainant Jan Schneider during both campaigns. Very considerable amounts are at issue, believed to be well upwards of \$100,000.

FACTS

Respondent Jennings withheld payroll and other taxes from campaign employees and then appropriated them for her own partisan purposes. She spent the funds in her primary campaigns and paid the Internal Revenue Service and state authorities only long after the taxes were due -- in some cases more than three years later and in another election cycle. Complainant relies upon the various campaign finance reports filed by the Jennings campaign committees of public record at www.fec.gov. The amounts in controversy were equivalent to significant portions of the entire campaign budgets of Jennings' opponents.

More specifically, for the 2004 election cycle, FEC filings by Chris Jennings for Congress appear to show that the campaign withheld payroll and other taxes from salaried staff. The Jennings campaign failed, however, to transmit the monies to the IRS and state authorities. No taxes were paid until May 23, 2007, several years after the 2003 and 2004 taxes were due. At that time, the committee paid the IRS \$23,835.93 to cover overdue taxes for the prior, 2004 election cycle. The candidate had to contribute additional funds to her committee, since the campaign had already spent the tax monies.

It might be understandable for a campaign -- even a campaign run by a former bank president whose supposed great pride was precision and "playing by the rules" -- to make a mistake and to

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overlook the requirement of withholding taxes for salaried staff. The Jennings campaign, however, went further, taking the money from employees and then illegally using the funds for its own purposes. Moreover, Respondent persisted in such illegal practices for years and across election cycles – even after she had indisputable knowledge of the problem.

For the 2006 election cycle, FEC filings for Christine Jennings for Congress appear to show that the Jennings campaign began having salaried employees sit least back in early 2005. Once again, the campaign withheld funds from employee salaries, failed to transmit them to the federal and state authorities for many month, and disbursed the money for campaign expenditures. FEC filings show that the first remittance of taxes withheld during the 2006 cycle was not made until July 31, 2006. Between that date and the end of 2006, the campaign made more than a dozen separate, significant tax payments totaling over \$100,000 apparently for past-due taxes. Meanwhile, very considerable funds that should have been paid in taxes had already been used for advertising, administrative and other expenses in the 2006 primary to the detriment of Complainant.

While the foregoing seems beyond dispute, for the 2008 election cycle, the circumstances are less clear. FEC filings for Jennings 2008, through and including the most recent (year-end 2007), continue to show large disbursements for payroll taxes seemingly disproportionate to the expenditures for current payroll.

The campaign compounded its illegalities with sheer hypocrisy. During the summer of 2006, the Jennings campaign expended perhaps hundreds of thousands of dollars on (false) campaign advertising complaining of an alleged failure to pay \$300 in property taxes on the part of Complainant. At the very time she contracted for and began running such ads, Respondent had actual knowledge that she herself had appropriated and wrongfully utilized tax monies taken from her employees in amounts hundreds of times greater. The main point for Federal Election Commission purposes remains, however, the campaign finance violations rather than the political effects on Complainant.


VIOLATIONS

The Federal Election Campaign Act, Pub. L. 92-225, 108 Stat. 86 Stat. 3, 2 U.S.C. § 431 et seq., as amended by the Bipartisan Campaign Reform Act of 2002 ("McCain-Feingold Act"), Pub. L. 107-155, 116 Stat. 81, and other legislation, sets forth specific limits on permissible campaign contributions and allowable loan conditions. Among other problems, the withheld funds here in question come within the definition of "contribution" for campaign finance law purposes. See 2 U.S.C. § 431(8). As such, their use violated applicable limits and otherwise contravened applicable legal restrictions. See, e.g., 2 U.S.C. § 441a.

Had Respondent failed to deal with payroll taxes at all and to do any withholding, that could still have been a problem for the Federal Election Commission as well as the Internal Revenue Service and state authorities. In such case, however, at least the campaign would not have enjoyed access to tens of thousands of dollars of additional funds used for competitive campaign purposes. But here, the Jennings campaign withheld the taxes from employees, failed to transmit them to federal and state authorities, and misappropriated them for its own expenses. In sum, in this and other ways, Respondent has committed multiple violations of federal

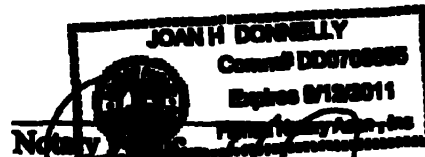
campaign finance laws and regulations, which violations harmed and continue to harm
Compliment.

Respectfully submitted,


Jan Schneider

STATE OF FLORIDA)
) SS
COUNTY OF SARASOTA)

Signed and sworn to before me by Jan Schneider, who is personally well-known to me,
this 10th day of March, 2008.



My commission expires.

9/12/2011

